

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Chief Financial Officer

Natwar M. Gandhi
Chief Financial Officer



MEMORANDUM

TO: The Honorable Linda W. Cropp
Chairman, Council of the District of Columbia

FROM: Natwar M. Gandhi
Chief Financial Officer

DATE: October 28, 2003

SUBJECT: Fiscal Impact Statement: "Lease of District Property, Square 5078, Lot 813, and a portion of U.S. Reservation 475, Fort Mahan Park on Parts of Squares 5078 and 5079, to Friendship Public Charter School, Inc., Approval Resolution of 2003"

REFERENCE: Draft Approval Resolution as Introduced - No Number

Conclusion

Funds are sufficient in the FY 2004 through FY 2007 budget and financial plan as agreed to by the Mayor and the Council of the District of Columbia. The proposed lease will result in local revenue of \$255,000 in FY 2004 and \$1.05 million in FY 2004 through FY 2007.

Background

The proposed resolution approves a 99 year lease of District property formerly known and described as Carter G. Woodson Junior High School and parts of Fort Mahan Park¹ to Friendship Public Charter School, Inc. The proposed lease would retire the existing 20 year lease between the District and Friendship Public Charter School, Inc.².

Financial Plan Impact

The property was recently appraised by Mitten & Reynolds, Inc. who conditionally concluded that the current market rents for the property should be \$340,000. Pursuant to

¹ Because portions of the referenced facility encroach on Fort Mahan Park, the conditional transfer of portions of U.S. Reservation 475 will be approved under separate Resolution.

² The existing lease was executed on May 26, 2000.

Mayoral order #2000-150³ the lease amount has been discounted by 25 percent resulting in a negotiated lease amount of \$255,000 per year for 99 years.

Funds are sufficient in the FY 2004 through FY 2007 budget and financial plan because the proposed legislation will result in local General Fund revenue as a result of implementing the proposed lease agreement. The lease payment will begin at \$255,000 per year, establish a change date and will be subject to increase based on the Consumer Price Index. Increases will have a 2 percent limitation per annual adjustment. The table in Figure 1 presents the revenue impact to the financial plan.

Figure 1.

Local General Fund Revenue from Lease Payments (\$ in 000s)				
FY 2004	FY 2005	FY 2006	FY 2007	4 - Year Total
\$255	\$260	\$265	\$271	\$1,051

Friendship Public Charter School, Inc. has to date made improvements to the property estimated to be approximately \$12 million.

The Chief Financial Officer's legislative fiscal analysis is prepared by the Special Projects and Fiscal Analysis Administration in the Office of Research and Analysis. Contact us at 441 4th Street, NW, Suite 400S, Washington D.C., 20001 or view our work on-line at <http://cfo.dc.gov>.

³ Procedures for Disposition of Surplus Properties and Facilities Formerly under the Jurisdiction of the District of Columbia Public Schools; Legislative preference to § 2209(b)(1) Public Charter Schools; October 5, 2000.